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RHMFISS/HQ USSOUTHCOM J7 MIAMI FL  
RUEATRS/DEPT OF TREASURY WASHDC

C O N F I D E N T I A L KINGSTON 001681

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DEPT PASS CENTRAL AMERICAN CARRIBBEAN BASIN COLLECTIVE

DEPT FOR WHA/CAR  
(JOE TILGHMAN) WHA/EPSC (LISA MARTILOTTA)  
INR/IAA (BOB CARHART)  
TREASURY FOR IA/WH (SARA GRAY)

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TAGS: [PREL](#) [PGOV](#) [SOCI](#) [ENRG](#) [ECON](#) [EFIN](#) [ASEC](#) [KCOR](#)  
SUBJECT: JAMAICA: BEGINNING TO CLEAN THE AUGEAN STABLES?  
THE NEW GOLDING GOVERNMENT TAKES ON THE HERCULEAN CHALLENGE  
OF DEALING WITH PUBLIC SCANDALS -- PAST AND PRESENT

REF: A. 06 KINGSTON 2021 (121230Z OCT 06) (NOTAL)  
[1](#)B. KINGSTON 1462 (251614Z SEP 07) (NOTAL)  
[1](#)C. KINGSTON 1592 (252038Z OCT 07) (NOTAL)  
[1](#)D. KINGSTON 1523 (102131Z OCT 07) (NOTAL)  
[1](#)E. KINGSTON 1585 (241912Z OCT 07) (NOTAL)  
[1](#)F. KINGSTON 1043 (051801Z JUL 07) (NOTAL)  
[1](#)G. KINGSTON 1629 (021501Z NOV 07) (NOTAL)  
[1](#)H. KINGSTON 1622 (011214Z NOV 07) (NOTAL)

Classified By: DEPUTY CHIEF OF MISSION JAMES T. HEG, REASONS 1.5 (B)  
AND (D)

#### Summary and Analysis

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1.(C) Endemic corruption and crime have plagued Jamaica for decades. Over 18 years of rule by the People's National Party (PNP), major scandals rocked the country in everything from resort development to cement production and telecommunications licensing, but seldom was anyone held to account. The new government of Prime Minister Bruce Golding's Jamaica Labour Party (JLP) appears ready to change this. The task will be Herculean, particularly as some elements of his own party may resist, and the JLP has only a narrow majority in Parliament.

Nevertheless, the new government deserves the full support of the U.S. and international financial institutions.

End Summary and Analysis.

#### Distribution of Cuban Light Bulbs

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2.(SBU) Following months of rumors and allegations, on October 23 the new Minister of Mining, Energy, and Telecommunications, Clive Mullings, announced that the Government of Jamaica (GoJ)'s Contractor General, Auditor General, and Attorney General were opening an investigation into the circumstances under which the previous People's National Party (PNP) Government of Prime Minister Portia Simpson Miller (PSM) had accrued a bill of more than USD 3.95 million for the distribution of some four million energy saving florescent light bulbs donated by the Government of Cuba

to the people of Jamaica. On November 6, Mullings announced that the matter had been turned over the Director of Public Prosecutions and the Fraud Squad, and that no further distribution payments would be made until their investigations had been completed and a decision taken by the Cabinet. Allegedly, Mullings' predecessor as Minister, Phillip Paulwell, and then-Minister of State within the Energy Ministry Kern Spencer awarded lucrative contracts for nationwide distribution of the bulbs to two companies which only recently had been incorporated by personal friends and/or relatives.

#### Careful Reaction from Opposition PNP to Light Bulb Allegations

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3.(SBU) Still smarting from the widespread perception that her previous Government had dealt ineptly and precipitously with a series of scandals (including the Trafigura Affair, reftel A and below) thus contributing to the PNP's defeat in the September 3 national election, on October 28 Opposition Leader PSM gave Paulwell and Spencer two full weeks to present a report on the light bulb project. She then had a six-member review committee of PNP officials examine their report. On November 11, PNP General Secretary Donald Buchanan announced that the committee had found no evidence of fraud, but admitted there had been breaches of contracting procedures in connection with the distribution of the light bulbs.

4.(SBU) For their parts, Paulwell and Spencer continue to deny any wrongdoing, claiming they ultimately will be exonerated. Nevertheless, on November 13 they resigned their respective positions as opposition Spokesperson and Deputy Spokesperson on Industry and Commerce. Whether they eventually may face criminal prosecution remains an open question. (Note: Over recent years, Paulwell has been connected with a series of major scandals, but has never been prosecuted. To date, no allegations have been made against any of the 100 Cuban volunteers who have been involved in distributing and

installing the light bulbs around the country. End Note.)

#### Background: the Trafigura Affair

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5.(SBU) As delineated reftel (A), the GoJ has had concessionary oil deals with Nigeria since the 1970s. The quotas have varied as the agreements have been renegotiated, but have always been in the range of 20-30,000 barrels-per-day. However, maintaining that the Petrojam refinery in Kingston is unable to process the Nigerian crude, over the years the GoJ has contracted with various oil traders to lift, market, and trade the oil. In October, 2000 the GoJ signed such an agreement with the Dutch oil trading company Trafigura Beheer BV (headquartered in Switzerland). 6.(SBU) In October, 2006, then-Opposition Leader Golding announced that he had uncovered "shady dealings" between then-PM PSM's ruling PNP and Trafigura, and alleged that the firm had made USD 475,00 in improper payments to the private accounts of senior PNP officials.

The Government maintained the funds had been a donation, while Trafigura claimed the payments had been part of a "commercial arrangement." Then-PNP General Secretary Colin Campbell, a close ally of PSM, was forced to resign his position, and the PNP subsequently claimed to have returned the funds to Trafigura. To date, no one has been charged in the scandal.

#### New Government to Cooperate Fully with Dutch Investigation of Trafigura

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7.(SBU) Speaking in Parliament on November 13, PM Golding revealed that:

-- Dutch authorities recently had told him they believed Trafigura had bribed public officials in Jamaica;

-- the National Public Prosecutor's Office of the Netherlands was still interested in pursuing its investigations;

-- his Government intended to cooperate fully with Dutch authorities.

8.(SBU) Golding then said he had instructed the Minister of Justice to issue an order, pursuant to Section 32(2) of the Mutual Assistance Act, declaring that the provisions of the Act shall apply to

the UN Convention Against Transnational Organized Crime, and that the Netherlands would be designated a foreign state to which the provisions of the Mutual Assistance (Criminal Matters) Act would apply. This would enable the GoJ to consider the request by Dutch authorities to visit Jamaica to conduct investigations into the affair. The Opposition PNP thus far has refused to say whether it will cooperate with any Dutch officials sent to Jamaica to conduct investigations.

#### Missing Funds from Ministry of Finance

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9.(C) At least USD 243,000 in cash went missing from the offices of the Financial Investigation Division (FID) of the Ministry of Finance between August and October, according to police. The money was being held as evidence in a secure vault after having been seized from person under investigation. Two of the five Jamaica Constabulary Force officers seconded to FID are prime suspects in an ongoing investigation as they had access to the vault's interior secure lock-up, and, unusually, went on trips to the U.S. about the time the money went missing. (Note: DHS/ICE is assisting the GoJ in its investigation. En Note.) The theft has highlighted the need for greater security at the FID's offices; control of the vault's keys was inadequate, no surveillance cameras covered the vault, and no systematic procedures were in place to audit evidence held in the vault. The theft was only discovered when FID was ordered to return the money to the person from whom it had been seized. In the interim, Deputy Finance Minister Don Wehby has directed that all FID moneys be moved to the Bank of Jamaica.

10.(C) The current Director of the FID, Christine Chambers, who is well regarded as a clean, apolitical, and effective manager of the organization by her international partners, is unsure

whether she will remain in office. In addition to her own future, she is deeply troubled about the devastation to staff morale caused by the theft, which could hardly have come at a worse time: FID currently is trying to fill 40 new positions for investigators, analysts, and attorneys which were created when the GoJ adopted the new Proceeds of Crime Act.

#### Encouraging Signs in Jamaica's Anti-Crime, Anti-Corruption Efforts

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11.(C) Reftel (B) delineates the formidable crime and corruption challenges facing the new Golding Government. During its initial months, in addition to its investigation of the above scandals, several encouraging developments have convinced post that the new Government is quite serious about combating crime and corruption:

(A) During his recent visit to Washington, Finance Minister Audley Shaw asked the World Bank to conduct and finance a diagnostic study on issue of corruption in Jamaica, which they agreed to do free of charge, and confirmed that the GoJ will widen the framework of the Financial Investigative Division (FID) Act to strengthen anti-money laundering laws prior to introducing the legislation in Parliament (reftel C).

(B) Jamaica's former Commissioner of Police, who had been under fire over alleged interference in several corruption investigations, has resigned (reftel D);

(C) Col. Trevor MacMillan, a respected senior anti-corruption fighter, has been appointed a Special Advisor to the Ministry of Finance, in the expectation that the Golding Government will redraft and enact legislation to create an effective National Independent Investigative Authority (NIIA) with MacMillan in charge (reftel E). (Note: MacMillan has asked for USG assistance in reviewing the draft legislation and development of a model for the NIIA. End Note.)

(D) The Head of the new Police Anti-Corruption Division, Justin Felice, the former Senior Director of Investigations for the Police Ombudsman of Northern Ireland, has a distinguished 30-year record (reftel F).

11.(C) Nevertheless, with a thin 32-28 seat working majority in Parliament, the JLP will not find it easy to implement its ambitious agenda in general (reftel G), and perhaps its anti-corruption campaign in particular. As noted reftel (H), the GoJ's full cooperation in the pending high-profile extradition of a major narcotics trafficker will be a key test.

JOHNSON